

TORONTO STOCK EXCHANGE

22/6/70

AMENDING FILING STATEMENT NO. 371
FILED, JUNE 18th, 1970.

FEDERAL FARMS LIMITED

Full corporate name of Company

AMENDING FILING STATEMENT

(To be filed with respect to any change in a Filing Statement filed within a period of six months)

To be read in conjunction with Amending Filing Statement No. 69-46 dated May 15, 1969

AGREEMENTS WITH SEABET INVESTMENTS LIMITED AND MORRIS STEINBERG

Pursuant to an agreement dated as of March 16th, 1970, the Company was granted an option, exercisable until June 13, 1970, by Seabet Investments Limited, 131 Bloor Street West, Toronto, Ontario, of causing a new company to be incorporated to acquire certain exclusive rights to certain patents and a process known as the Eweson Process said to enable the manufacture of organic compost fertilizers from the treatment of municipal garbage and/or sewage. Following the consummation of the agreement, the Company undertook various feasibility studies relating to the Eweson Process. These studies did not sufficiently confirm the practical and economic feasibility of the Eweson Process and accordingly the Company has terminated its option.

AGREEMENT WITH MORRIS STEINBERG:

The Company entered into an agreement dated as of March 7, 1970, with Morris Steinberg (the "Manufacturer"), 121 Richmond Street West, Toronto, Ontario, whereunder the Company agreed to purchase and the Manufacturer agreed to manufacture a blister forming and die cutting machine designed to produce plastic blisters used for packaging various products. The price payable for the machine is the Manufacturer's cost, not to exceed \$12,000 plus a fee of \$3,000. The Company is still evaluating the economic capabilities of the machine. If the Company elects to proceed

under the aforementioned agreement it may elect to incorporate a private Ontario company (Newco) to be formed to manufacture and market similar machines. The Company will, if it elects to form Newco, have a 51% interest in Newco, and the Manufacturer a 49% interest. All of the Manufacturer's trade marks, industrial designs, patents and patent applications relating to the machine will be assigned to Newco. If Newco is incorporated, its initial working capital requirements will be provided by the Company. At the present time the Company is unable to estimate the amount of any such financial requirements, but the Company is satisfied that any immediate financial requirements can readily be serviced from the Company's present working capital.

CHANGES IN DIRECTORS AND OFFICERS

Name & Address:	Office:	Principal Occupation:
Alexander Gordon Fisher, C. A., 80 The Bridle Path, Don Mills, Ont.	President and Director	Management Consultant, self-employed. Director and a Vice-President of Draper, Dobie & Company Limited, Stockbrokers, from January 1965 to October 1967.
Murray Harold Scheinert, 180 Brighton Road, Downsview, Ont.	Executive Vice- President, and General Manager, Treasurer and Director	Treasurer and Comptroller of Federal Farms Limited
Robert Brown, 6 Zaharias Court, Willowdale, Ont.	Director	Corporate Secretary self-employed
Murray Cooper 2500 Bathurst Street, Toronto, Ont.	Director	Mining Executive, self- employed
Arthur Lipton 249 Hillhurst Boulevard Toronto, Ont.	Director	Executive, Crawford Allied Industries Limited and College Plumbing Supplies Limited
Thomas J. Barton, 26 Woodcrest Road, Barrie, Ont.	Vice-President and Assistant General Manager	Manager of the Snack Foods Division of Federal Farms Limited, employed by the Company for 2½ years; prior thereto General Manager of Agricultural Division of Salada Foods
Coleman Bernstein 5 Skipton Court, Downsview, Ont.	Vice-President and Manager of Merchandising of Fresh and Frozen Foods Division	Employed by Federal Farms Limited
Marvin Latchman 334 Hillhurst Boulevard, Toronto, Ont.	Vice-President and Manager Produce Division	Employed by Federal Farms Limited
Arthur H. Zaldin, Q.C., 32, Heathdale Road, Toronto, Ontario.	Secretary	Queen's Counsel. Senior member of the legal firm of Zaldin and Fine solicitors for the Company.

FINANCIAL STATEMENTS

FEDERAL FARMS LIMITED
(Incorporated under the laws of Canada)
and subsidiary companies

CONSOLIDATED BALANCE SHEET - MARCH 28, 1970
(with comparative figures at March 29, 1969)

ASSETS	1970	1969	LIABILITIES	1970	1969
CURRENT ASSETS			CURRENT LIABILITIES		
Accounts receivable	\$ 625,443	\$ 494,826	Bank advances, net, secured by pledges of accounts receivable, inventories and investment	\$ 203,919	\$ 576,289
Inventories, at the lower of cost and net realizable value (note 2)	458,775	405,980	Accounts payable and accrued liabilities	450,696	343,225
Current portion of investment	20,000	20,000	Income taxes payable	4,157	
Income taxes recoverable	97,192	2,067	Principal due within one year on long-term debt	4,026	22,986
Prepaid expenses	<u>1,201,410</u>	<u>1,031,361</u>		<u>662,798</u>	<u>942,500</u>
			LONG-TERM DEBT (note 4)	<u>137,367</u>	<u>94,093</u>
INVESTMENT IN CALVERT-DALE ESTATES LIMITED			DEFERRED INCOME TAXES (note 5)		<u>29,654</u>
Debentures, at cost	200,200	250,000			
Less current portion included in current assets	<u>20,000</u>	<u>20,000</u>	MINORITY INTEREST IN SUBSIDIARIES		
	<u>180,200</u>	<u>230,000</u>	Preference shares	86,600	96,600
FIXED ASSETS (note 3)			Common shares	<u>24,518</u>	<u>18,817</u>
Land, buildings and equipment	3,625,358	3,622,837		<u>111,118</u>	<u>115,417</u>
Less accumulated depreciation	<u>1,340,676</u>	<u>1,389,388</u>	SHAREHOLDERS' EQUITY		
	<u>2,284,682</u>	<u>2,233,449</u>	CAPITAL STOCK (note 6)		
OTHER ASSETS			Authorized		3,982
Special refundable tax		10,755	1,500,000 Common shares without par value		10,645
Sundry deposits, receivables and other assets	10,755	1,049	Issued		1,620
Patent, at cost less amortization	1,049	6,208	891,380 Common shares (1969, 756,953 shares)	1,830,113	1,120,715
Debenture discount less amortization	<u>6,208</u>	<u>7,208</u>	Share purchase warrants (1969, 120,000 warrants)	<u>6,000</u>	<u>6,000</u>
	<u>18,012</u>	<u>23,455</u>		<u>1,830,113</u>	<u>1,126,715</u>
			EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER DEPRECIATED COST	799,276	804,580
			RETAINED EARNINGS	<u>143,632</u>	<u>405,306</u>
				<u>2,773,021</u>	<u>2,336,601</u>
				<u>\$3,684,304</u>	<u>\$3,518,265</u>

Approved by the Board

Director

Director

FEDERAL FARMS LIMITED
and subsidiary companies

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED MARCH 28, 1970
(with comparative figures for 1969)

	1970	1969
Sales	\$5,700,902	\$6,289,487
Cost of sales and expenses before the undernoted items	<u>5,755,283</u> (54,381)	<u>6,195,900</u> 93,587
Income from investment	<u>17,471</u> (36,910)	<u>21,701</u> 115,288
Deduct		
Depreciation	118,618	119,979
Interest on long-term debt	9,748	14,839
Remuneration of directors and senior officers (note 7)	111,312	89,714
Amortization of debenture discount	<u>1,000</u> <u>240,678</u>	<u>1,000</u> <u>225,532</u>
Loss before the undernoted items	<u>277,588</u>	<u>110,244</u>
Income taxes (note 5)		
Current	5,116	1,229
Deferred income tax reduction	<u>29,654</u> (24,538)	<u>54,739</u> (53,510)
Loss before interest of minority shareholder and extraordinary items	253,050	56,734
Interest of minority shareholders in net income of subsidiary companies	<u>7,326</u>	<u>8,171</u>
Loss before extraordinary items	260,376	64,905
Gain on sale of investments		69,065
Loss on disposal of fixed assets	<u>6,602</u>	
Net income (loss) for the year	<u>\$ (266,978)</u>	<u>\$ 4,160</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED MARCH 28, 1970
(with comparative figures for 1969)

	1970	1969
Balance at beginning of year		
As previously reported	\$ 415,286	\$ 405,656
Workmen's compensation expense, prior years As restated	<u>9,980</u> 405,306	<u>9,980</u> 395,676
Net income (loss) for the year	(266,978)	4,160
Transfer from appraisal excess	<u>5,304</u>	<u>5,470</u>
Balance at end of year	<u>\$ 143,632</u>	<u>\$ 405,306</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED MARCH 28, 1970
(with comparative figures for 1969)

	1970	1969
Source of funds		
Operations		
Net income for the year		\$ 4,160
Depreciation and amortization		120,979
Deferred income tax reduction		(54,739)
Gain on sale of investments		<u>(69,065)</u> 1,335
Decrease in non-current portion of debentures of Calvert-Dale Estates Limited	\$ 49,800	20,000
Mortgage on building purchased	52,000	
Issue of common shares		
For cash	700,197	14,550
On conversion of 7% sinking fund debentures	3,200	93,000
Proceeds from sale of investments		142,319
Other	<u>145</u> <u>805,342</u>	<u>7,723</u> <u>278,927</u>
Application of funds		
Operations		
Loss for the year	266,978	
Depreciation and amortization	(119,618)	
Deferred income tax reduction	29,654	
Loss on disposal of fixed assets	<u>(6,602)</u> 170,412	
Fixed asset additions, net	176,453	92,152
Decrease in non-current portion of long-term debt		
Mortgage payments	1,500	
Reclassified as current liability	4,026	22,986
Conversion to common shares	<u>3,200</u> <u>355,591</u>	<u>93,000</u> <u>208,138</u>
Increase in working capital	449,751	70,789
Working capital at beginning of year, as restated	<u>88,861</u>	<u>18,072</u>
Working capital at end of year	<u>\$538,612</u>	<u>\$ 88,861</u>

FEDERAL FARMS LIMITED
and subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 28, 1970

1. BASIS OF CONSOLIDATION

The financial statements include the operations of the company and its subsidiaries, Brad-Vac Cooling Company Limited and Direct Potato Distributors Limited.

The minority interest does not include arrears of cumulative dividends totalling \$83,019 (\$86,946 in 1969) on preference shares of Brad-Vac Cooling Company Limited.

2. INVENTORIES

	1970	1969
Produce	\$ 146,355	\$ 134,705
Packaging materials	172,199	157,188
Finished goods	121,184	105,696
Seed and fertilizer	19,037	8,391
	<u>\$ 458,775</u>	<u>\$ 405,980</u>

3. FIXED ASSETS

	1970		1969	
	Asset Value	Accumulated Depreciation	Net	Net
Land, farm properties, roads, canals and improvements	\$ 885,481		\$ 885,481	\$ 874,680
Buildings	1,090,238	\$ 228,610	861,628	804,975
Machinery and equipment	1,072,089	688,894	383,195	393,706
Automotive and mobile equipment	523,343	384,085	139,258	140,640
Sundry	54,207	39,087	15,120	19,448
	<u>\$3,625,358</u>	<u>\$1,340,676</u>	<u>\$2,284,682</u>	<u>\$2,233,449</u>

Farm land and improvements were appraised at market on May 9, 1961 by Mr. Norman Porter. Buildings, staff dwellings and the land on which they are located were appraised at replacement cost on May 18, 1961 by Geo. A. Lister & Co. These assets are included in the accounts at appraised value, with subsequent additions recorded at cost. The increase in value resulting from these appraisals (less depreciation provisions and disposals) is reflected in shareholders' equity as "Excess of appraised value of fixed assets over depreciated cost". All other fixed assets are recorded at cost.

4. LONG-TERM DEBT

	1970	1969
6½% Mortgage, due September 13, 1969		\$ 22,000
8% Mortgage, due July 15, 1979	\$ 50,500	
4% Loan, due 1971	2,093	3,079
7% Convertible sinking fund debentures, Series A, due June 15, 1976	88,800	92,000
	141,393	117,079
Less principal included in current liabilities	4,026	22,986
	<u>\$137,367</u>	<u>\$ 94,093</u>

The 7% convertible sinking fund debentures are convertible into common shares of the company at the following prices:

On or before June 15, 1971	\$5.62 per share
After June 15, 1971, before June 15, 1976	\$7.56 per share

5. INCOME TAXES

The tax effect of losses available for tax purposes of \$228,312 and the excess of depreciation recorded in the accounts over capital cost allowance claimed for tax purposes in the amount of \$46,691 has not been reflected in the accounts.

6. CAPITAL STOCK

During the year ended March 28, 1970, 133,881 common shares were issued for a cash consideration of \$700,197 on the exercise of 116,700 share purchase warrants (3,300 expired June 15, 1969). In prior years \$6,000 was received upon issue of the share purchase warrants and has been credited to capital stock. 546 common shares were also issued during the year on the conversion of \$3,200 sinking fund debentures at \$5.62 per share.

7. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

	1970	1969
Directors, including \$1,300 directors' fees in 1970	\$ 61,812	\$ 27,215
Senior officers other than directors	49,500	62,499
	<u>\$111,312</u>	<u>\$ 89,714</u>

Thorne,
Gunn,
Helliwell
& Christenson

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
Federal Farms Limited

We have examined the consolidated balance sheet of Federal Farms Limited and subsidiary companies as at March 28, 1970 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 28, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
April 24, 1970

Thorne, Gunn, Helliwell & Christenson

Chartered Accountants

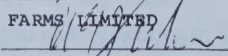
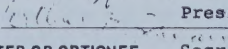
OFFICES THROUGHOUT CANADA AND ASSOCIATES THROUGHOUT THE WORLD

PRIMARY DISTRIBUTION	The 500,000 common shares without par value in the capital stock of the Company offered by and referred to in the Statement of Material Facts have been distributed to the public and accordingly primary distribution of the securities of the Company has terminated.										
CAPITALIZATION	<p>The heading "CAPITALIZATION" on page 5 of the Statement of Material Facts is amended as follows to reflect particulars as at May 31, 1970.</p> <p><u>Designation of Security:</u></p> <p><u>Long Term Debt:</u></p> <table> <tr> <td>7% Convertible Sinking Fund Debentures Series A to mature June 15, 1976 (a)</td><td>\$88,800</td></tr> <tr> <td>6½% Mortgage due September 13, 1969</td><td>nil</td></tr> <tr> <td>Bank Indebtedness (b)</td><td>157,000</td></tr> </table> <p><u>Capital Stock</u></p> <table> <tr> <td>Common Shares without par value (c)</td><td>891,380 (\$1,824,663)</td></tr> </table> <p><u>Notes</u></p> <p>(a) the 7% Convertible Sinking Fund Debentures Series A are secured by a floating charge upon all present and future property and assets of the Company.</p> <p>(b) Against which certain assets are pledged.</p> <p>(c) Subsequent to April 30, 1969, the following shares of the Company were issued for cash:-</p> <p>(i) 133,881 common shares were issued at the price of \$5.23 per share for a net of \$700,197.63 on the exercise of share purchase warrants referred to under "SHARE PURCHASE WARRANTS" on page 9 of the Statement of Material Facts;</p> <p>(ii) 546 common shares were issued on the conversion of \$3,200 in principal amount of 7% Convertible Sinking Fund Debentures.</p> <p>(Note- An additional \$550 was also received from the above resulting from transactions in fractions of common shares of the Company).</p>	7% Convertible Sinking Fund Debentures Series A to mature June 15, 1976 (a)	\$88,800	6½% Mortgage due September 13, 1969	nil	Bank Indebtedness (b)	157,000	Common Shares without par value (c)	891,380 (\$1,824,663)		
7% Convertible Sinking Fund Debentures Series A to mature June 15, 1976 (a)	\$88,800										
6½% Mortgage due September 13, 1969	nil										
Bank Indebtedness (b)	157,000										
Common Shares without par value (c)	891,380 (\$1,824,663)										
FIVE LARGEST SHAREHOLDERS	<p>The following are the five largest shareholders of record of the Company:</p> <table> <tr> <td>Annett Partners Limited 11 King Street West, Toronto, Ontario.</td><td>245,215 (1)</td></tr> <tr> <td>Alness Investments Limited, 366 Bay Street, Toronto, Ontario.</td><td>103,978 (2)</td></tr> <tr> <td>Grant Johnston Limited, Suite 660, 2 Place Ville Marie, Montreal, Quebec.</td><td>71,100 (1)</td></tr> <tr> <td>E. T. Lynch & Co. Limited, 10 Victoria Street, Toronto, Ontario.</td><td>52,240 (1)</td></tr> <tr> <td>Triple L. Holdings 6 Renoak Drive, Willowdale, Ont.</td><td>50,000 (2)</td></tr> </table> <p>(1) beneficial ownership unknown to the Company</p> <p>(2) represents beneficial ownership</p>	Annett Partners Limited 11 King Street West, Toronto, Ontario.	245,215 (1)	Alness Investments Limited, 366 Bay Street, Toronto, Ontario.	103,978 (2)	Grant Johnston Limited, Suite 660, 2 Place Ville Marie, Montreal, Quebec.	71,100 (1)	E. T. Lynch & Co. Limited, 10 Victoria Street, Toronto, Ontario.	52,240 (1)	Triple L. Holdings 6 Renoak Drive, Willowdale, Ont.	50,000 (2)
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E. T. Lynch & Co. Limited, 10 Victoria Street, Toronto, Ontario.	52,240 (1)										
Triple L. Holdings 6 Renoak Drive, Willowdale, Ont.	50,000 (2)										
Statement of any other material facts and if none, so state.	There are no other material facts										

DATED June 12, 1970

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

FEDERAL FARMS LIMITED	CORPORATE SEAL
"A.G. FISHER" 	President
"A.H. ZALDIN" 	Secretary

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)